

Massachusetts Teachers' Retirement Board
Meeting of May 26, 2017
9:00 a.m. to 12:00 p.m.
being held at:

Massachusetts Teachers' Retirement System
500 Rutherford Avenue, Suite 210, Charlestown, MA

Agenda for May Board meeting

Regular Matters of Business	Tab 1
Open and Executive Minutes of the Regular Meeting held on April 28, 2017	
Applications for Ordinary and Accidental Disability Retirement*	<i>Disability Folder</i>
Request for waiver for overpayment.....	Tab 2
FY 2018 Operational Budget.....	Tab 3
Executive Director's Report.....	Tab 4
Write-off of waiver of overpayment pursuant to Board Operational Policy 5.0B	

**To be considered in Executive Session*

Next meeting scheduled for
June 23, 2017
9:00 a.m. – 12:00 p.m.

Minutes of the Meeting of May 26, 2017

of the

MASSACHUSETTS TEACHERS' RETIREMENT BOARD

I. Regular Matters of Business

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Richard L. Liston, Dennis J. Naughton, Joannah M. Quinn, Anne Wass, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James Salvie, Associate General Counsel Cristina Keefe and Executive Assistant Helen Petruzzello.

The meeting was called to order at approximately 9:00 a.m. and the Board took a brief recess, reconvening at approximately 9:03 a.m. Mr. Salvie introduced the Board to Cristina Keefe, Associate General Counsel, who was presenting the accidental disability application this month.

The minutes of the previous Board meeting, held on April 28, 2017, were reviewed and approved as submitted on a motion made by Mr. Liston and seconded by Mr. Naughton. The motion carried 7-0.

VOTED: The Open and Executive minutes of the Board meeting held on April 28, 2017, are hereby approved as submitted.

II. Executive Session

A motion was made by Mr. Liston, and seconded by Mr. Naughton, to enter into executive session in order to review applications for disability retirement. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes

Joannah M. Quinn	Yes
Chairman Jeff Wulfson	Yes

At approximately 9:05 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 9:58 a.m. the Board reconvened in Open Session, at which point the meeting recessed, reconvening at approximately 10:05 a.m.

III. Open Session

A. REQUEST FOR WAIVER FOR OVERPAYMENT

1. Pursuant to MGL Chapter 32, § 20(5)(c)(3), the Board reviewed and discussed the materials concerning the overpayment of retirement benefits to Philip Lussier of \$32.64. The Board found that the error persisted for more than one year, was not the result of erroneous information provided by the member, and the member did not have reason to believe that the benefit amount was in error. On a motion made by Mr. Naughton and seconded by Ms. Wass, the Board voted unanimously to approve the waiver.
2. Pursuant to MGL Chapter 32, § 20(5)(c)(3), the Board reviewed and discussed the materials concerning the overpayment of retirement benefits to Paul Nimchick of \$411.14. The Board found that the error persisted for more than one year, was not the result of erroneous information provided by the member, and the member did not have reason to believe that the benefit amount was in error. On a motion made by Mr. Naughton and seconded by Ms. Wass, the Board voted unanimously to approve the waiver.

The Board held a brief discussion on the “Needham Bill” policy, particularly as it relates to small amounts, and asked that it be reviewed at a future board meeting.

B. FY 2018 OPERATIONAL BUDGET

Executive Director Erika Glaster presented the FY 18 Operational Budget for the Board’s approval. The proposed FY 2018 budget totals \$14,669,371, which represents a 1.503% increase from the previous year’s budget. Ms. Glaster

reviewed each line item and answered questions from the Board. Chairman Wulfson stated that while he appreciated the contributions of the MTRS staff, he could not support the proposed 3% salary reserve, noting recent state revenue shortfalls and the system's funding issues. Vice Chair Favorito offered his own agency's experience with turnover of experienced staff members to other agencies offering higher salaries and suggested the proposed salary reserve may help prevent such losses. On a motion made by Mr. Naughton, and seconded by Ms. Wass, the Board voted 6-1, with Chairman Wulfson voting against the motion, to approve the FY 18 Operational Budget totaling \$14,669,371.

C. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster noted that included in the board materials was the report of the settlement and partial write-off of overpayment of a deceased retired member's estate, pursuant to Board Operational Policy 5.0B. The Board asked board staff to investigate what avenues and options are available to the agency in order to claim estate debts owed to the system.
2. Ms. Glaster pointed out that also included in the board materials was the latest edition of the *PERAC Pension News* (a periodic publication from the Public Employee Retirement Administration Commission). Additionally, she distributed copies of the agenda for the upcoming Massachusetts Association of Contributory Retirement Systems ("MACRS") spring conference, noting Ms. Keefe will be serving on the legal panel. Ms. Glaster distributed two recent news articles. One raised the issue of eliminating full forfeiture of pension benefits from the retirement statutes, which was a recommendation from the Pension Forfeiture Commission. Ms. Glaster offered to board members the Commission's report in hard copy and noted the subject will be included on the June board meeting agenda, per Mr. Naughton's suggestion. The other article summarized a local news station's television segment that highlighted selected regional retirement boards' travel expenses. Ms. Glaster noted the MTRS Board's moderate travel reimbursement expenses, citing the limits imposed by the MTRS travel policy.
3. Ms. Glaster announced that Annual Statements are scheduled to be mailed out to 92,600 active members and 25,700 inactive members in the first week of June and commended the efforts of the units involved with the process.

4. Ms. Glaster noted that in early June the active members' data will be sent to the PERAC actuary, Jim Lamenzo, who is already in receipt of the retiree data, for preparation of the system's valuation report. Ms. Glaster reported that Mr. Lamenzo is reviewing his mortality assumptions against the actual mortality experience for the time period since he moved the system to a full generational table, and will provide his findings. Ms. Glaster said that she and Mr. Neilon plan to meet with Mr. Lamenzo to discuss the mortality results, and to discuss amendments to his graphic display of the system's funded ratio, to show the impact of more conservative assumptions over time.
5. Ms. Glaster reported that Mr. Lamenzo presented the draft of the 1/1/17 Massachusetts State Employees' Retirement System's ("MSERS") valuation report at the last PERAC Commission meeting. Mr. Lamenzo maintained the 7.5% assumed rate of return but indicated he may reduce the rate in the 1/1/18 valuation, and included in the MSERS valuation report narrative what the liability and funded ratio would be for a 7.4% assumed rate of return. Ms. Glaster noted that the MSERS funded ratio increased to 64.7% from 63.5%, and she hopes for a similar result for MTRS provided the mortality assumption is not changed.
6. Ms. Glaster stated that the House and the Senate budgets both included 3% Cost of Living Adjustments ("COLA") on the first \$13,000 for benefit recipients, language directing the 3(8)(c) payments collected by MTRS and MSERS to the General Fund, and added language in §22C that specifies the dollar amount of the funding schedule for the next three fiscal years. She further explained that MTRS and MSERS have suggested a technical correction to align the language that was passed in a FY 17 supplemental budget earlier this year to address the Exclusive Benefit Rules ("EBR") issue, but noting that this would need to be worked out in conference.
7. Ms. Glaster stated that she received an update from Ice Miller that the schedule for drafting the closing agreement, and subsequent meeting with ANF, Ice Miller and the IRS concerning the EBR issues was delayed due to an unexpected medical issue for ANF's Counsel. She was told that the work would begin this week on the draft and will follow up with Ice Miller in a couple of weeks, if she hasn't received an update.
8. Ms. Glaster reported that the second mailing of the Benefit Verification forms was sent at the end of April to approximately 5,000 recipients and

that there are about 1,400 who have not yet responded. The final mailing will be sent in early June.

9. Ms. Glaster stated that the disability processing module in PERAC's *PROSPER* application is scheduled to be rolled out at some point in June, reporting that legal staff members and Ms. Petruzzello attended a recent training session. She indicated that there will be some changes to the current process and that details impacting Board processes for disability application transmittals will need to be worked out. Additionally, she mentioned that there will be a training session on PROSPER at the upcoming MACRS seminar.
10. Ms. Glaster announced that she will not be present at the June board meeting due to vacation plans, and that Mr. Neilon will fill in for her.

Mr. Naughton reported on the recent vote taken by the Massachusetts Teachers Association to support state legislation to require the Massachusetts pension fund to divest from coal companies and create a commission to evaluate divestment from oil and gas companies. He reported that as representatives of the Pension Reserves Investment Management Board, he and Bob Brousseau were in attendance and spoke against the measure noting that PRIM's mission is to maximize the return on PRIT fund asset; however, the motion passed by a close margin.

Chairman Wulfson asked board members to forward their completed assessment forms of the Executive Director's annual performance to him, which he will compile and provide the results for her evaluation at the July board meeting.

On a motion made by Mr. Liston and seconded by Ms. Wass, the Board voted unanimously to adjourn the meeting at approximately 11:21 a.m.

Respectfully submitted,

Erika M. Glaster, Executive Director

Date

Documents used in MTRS Board meeting of May 26, 2017

- Agenda for May 26, 2017 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of April 28, 2017 MTRS Board meeting
- Memorandum and supporting documents pertaining to Request for waiver for overpayment
- Memorandum and supporting documents pertaining to FY 2018 Operational Budget